

FISCAL YEAR 2003 REPORT

FINANCIAL SERVICES

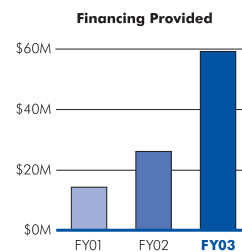
The FINANCIAL SERVICES division administers the Commonwealth's business financing assistance programs. During fiscal year 2003, nearly \$59 million in financing was enabled for the direct benefit of 168 Virginia businesses through the programs of the Virginia Small Business Financing Authority (VSBFA), resulting in the creation or retention of 1,838 jobs and the creation of 882 child care spaces. The staff of the Financial Services division also fielded over 2,600 requests for financing assistance from individuals, business owners, entrepreneurs, bankers, business consultants and economic developers. The requests ranged from seeking information about government loan guaranties and direct

loans, to assistance in structuring and participating in complex multi-million dollar financing packages for business expansions or recruitment to the Commonwealth. Staff made presentations and site visits to 180 groups and businesses throughout the state to market the programs and services of the VSBFA and DBA. This marketing effort was successful as measured by the 125% increase in financing enabled and the 84% increase in jobs for the Commonwealth over last year's results.

During fiscal year 2003, the staff developed a new direct loan

program that will be rolled out in fiscal year 2004. In addition, they were successful in having a change to the VSBFA legislation approved that will enable them to be a state-wide issuer of tax-exempt bonds for 501(c)(3)s. This authority could make the process of such issuances less cumbersome and costly for non-profits in the state.

Presently the staff is also involved in several initiatives including the Governor's Wine Study Commission, the Emerging Business Roundtable, the Small Business Initiative, and the Farmland Preservation Task Force.



WORKFORCE SERVICES

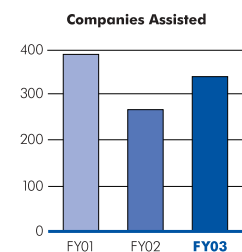
WORKFORCE SERVICES staff assisted 340 companies during fiscal year 2003 and provided training for 16,677 Virginians. This is a 28% increase in projects and a 48% increase in trainees from last year. The Workforce Services division works with new and existing companies to provide customized recruitment and training to qualified workers at all skill levels for newly created jobs. Staff offers consulting services for companies implementing soft-skill, continuous improvement, and specialized

training programs. Virginia receives a 100% return on investment for this program from the trained worker within six months.

Workforce Services also launched two new programs in fiscal year 2003. The Small Business New Jobs Program supports existing Virginia companies that have 250 employees or less companywide and are hiring at least 5 new full-time employees and making a

capital investment of at least \$100,000. DBA worked with 69 companies in this program, helping create 536 new jobs in fiscal year 2003. The Retraining Program provides

services and funding to existing Virginia businesses that are retooling and installing new technologies to meet market demands. DBA worked with 31 companies in this program to help retrain 6,100 jobs in fiscal year 2003.



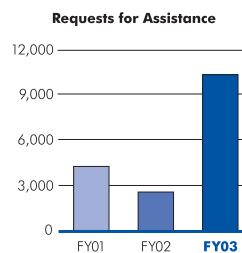
EXISTING BUSINESS SERVICES

The EXISTING BUSINESS SERVICES team saw the total number of requests for assistance rise over 300% to 10,328 in FY03. Since its inception in January 2003, the Virginia Business Information Center (VBIC) has contributed significantly to this increased activity. VBIC is an easy-to-access, customer-oriented clearinghouse for all state business information. Startup information, access to capital, and regulatory questions topped the categories of interest from businesses

contacting the VBIC. Also contributing to the increased requests for assistance, the Women Business Enterprise Certification Program continued to certify more of Virginia's women-owned businesses. A total of 324 businesses were certified or recertified this fiscal year, which brings the current number of certified women-owned businesses to over 800. Lastly,

the Small Business Research Center, launched in February 2003, expanded DBA's list of programs and services. In addition to

compiling numerous monthly reports on economic conditions and launching an electronic classroom, the Research Center fulfilled many customized reports of unique business data for businesses.



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SMALL BUSINESS INCUBATOR PROGRAM

The Virginia SMALL BUSINESS INCUBATOR PROGRAM provides grants to local and regional non-profit groups to establish and operate small business incubators. The program offers grants, awarded on a competitive basis, to be used for feasibility studies, program support, or construction and renovation. During fiscal year 2003, DBA awarded grants to 17 different organizations for \$510,000 in state dollars, matched by \$2,213,000 in local and private

dollars and \$198,000 in federal dollars. Two of the projects were for feasibility study grants and the other 15 were for operational support.

Since the beginning of the program, DBA has provided \$4 million in grants to help establish 27 small business incubators in all parts of the state. These state funds have been matched by \$11.9 million in federal funds and

Locations of Incubators



\$13.4 million in local government and private sector funds.

The Virginia incubator network currently houses 253 businesses that employ over 850 people. Over 21% of these businesses are minority-owned, and 19% are women-owned. Since the incubators' inception dates, 139 companies with a total of 852 employees have graduated from these incubators.

OTHER AGENCY ACTIVITIES

VIRGINIA ECONOMIC DEVELOPMENT SEMINARS

Quarterly seminars were held for the business and economic development communities to promote the latest trends, and public and private resources available. Each seminar focused on a particular topic, including international trade, business development strategies for small, women and minority-owned businesses, a wrap-up of the 2003 Virginia General Assembly, and the roll out of Governor Mark Warner's economic development strategic plan, "One Virginia, One Future". A particular effort was made this year to attract more private sector businesses to these seminars, in addition to our economic development allies. With an average of 250 participants, these half-day conferences continue to be an important venue for news, networking and knowledge.

BUSINESS APPRECIATION WEEK

Business Appreciation Week, coordinated each year by the Virginia Department of Business Assistance, is an opportunity for the Commonwealth and its localities to thank Virginia businesses for their invaluable contribution to the vibrant economy and excellent quality of life in the Commonwealth. The theme "Success Starts Here" was chosen for this year to recognize that it is the energy, vision, and persistence of our business community that keep our Commonwealth racing towards success. All Virginia businesses, including our small businesses and budding entrepreneurs,

BUSINESS APPRECIATION WEEK Success Starts Here



MAY 11-17, 2003

continue to prove that success starts here.

Events occurred across the state during this weeklong Virginia celebration. In addition, Governor Mark Warner took Business Appreciation Week to a new level this year by not only participating in the traditional kick-off breakfast in Richmond, but also by taking a downtown walking tour and luncheon in Staunton, a reception in Roanoke, and by joining Virginia business executives in the Inaugural Commerce Cup Basketball Game in Roanoke. By all accounts, this year's Business Appreciation Week was a tremendous success.



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The Virginia Department of Business Assistance (DBA) is the state agency devoted solely to the growth and success of business and industry throughout the Commonwealth. Our mission is to serve as state government's principal point of communication with the Virginia business community. We are the one stop businesses need to make to access resources that maximize the potential for success.

www.dba.state.va.us